



PRESS RELEASE— March 19, 2008

For immediate release

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VIETNAM'S BOOMING FURNITURE SECTOR RIDDLED WITH ILLEGAL TIMBER

U.S. imports 45% of Vietnam's wooden furniture

WASHINGTON, DC: Vietnam has become a hub for processing large quantities of illegal timber from across Southeast Asia, threatening some of the last intact forests in the region, a major new report reveals. Much of this illegal wood is made into furniture for the U.S. market.

Undercover investigations by the non-profit Environmental Investigation Agency (EIA) and Indonesian partner Telapak, including secret filming and undercover visits to furniture factories, reveal that Vietnam's furniture sector is heavily dependent on illegal timber.

With crackdowns on the illegal timber trade in countries like Indonesia, some criminal networks are now looting the vanishing forests of Laos. The Laos government ordered a ban on the export of logs in 1999. This law is largely ignored by Vietnamese traders who use corrupt means to import vast quantities of hardwood logs.

In the Vietnamese port of Vinh, EIA/Telapak witnessed piles of huge logs from Laos awaiting sale. At a single border crossing, 45 trucks laden with logs were seen lining up on the Laos side waiting to cross into Vietnam. EIA/Telapak estimate that at least 500,000 m³ of logs move illegally from Laos to Vietnam every year.

Vietnamese furniture exports reached \$2.4 billion in 2007—a ten-fold increase since 2000—making it the world's fourth-largest wood products exporter. The U.S. is the largest market for Vietnamese wooden furniture, importing more than \$1 billion in 2007, or 45% of total exports.

Posing as investors, EIA/Telapak investigators met with several companies in Vietnam supplying wooden furniture to the U.S. market, including:

- **Khai Vy Corporation (KVC):** A representative on KVC's log procurement team explained how they buy Laotian logs from middlemen "because the middlemen, they know how to make paperwork." According to U.S. customs records, KVC supplied garden furniture to Starbucks, Smith & Hawken, and Plow and Hearth in 2007, among others.
- **Dai Thanh Furniture (DTF):** A DTF sales manager told undercover investigators that his company sources logs from Laos and Indonesia, despite these countries' log export bans. DTF receives approximately 10,000 m³ of logs from Laos per year. DTF sent 72 shipments of garden furniture to Pier 1 between January and March 2007, according to U.S. customs records.

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- **My Tai Furniture** (MTF): MTF buys logs from traders in Vietnam that receive their material from Laos. MTF sent 30 shipments of wooden furniture to subsidiaries of Amazon.com between April 2006 and June 2007.

While the report does not suggest any illegal activity by U.S. companies, it concludes that the dynamic growth of Vietnam's furniture industry is driven by the demand for cheap wood products in end markets like the U.S.

It is not currently illegal in the U.S. to import illegally-sourced wood products, but Congress is currently considering legislation to create such a ban.

“Importers and retailers in the United States must take responsibility for buying stolen timber,” said EIA Executive Director Alexander von Bismarck. “Until the U.S. stops importing illegally-logged wood, the destruction of the world's last tropical forests will continue.”

Video and still images available upon request. Full version of the report “Borderlines: Vietnam's booming furniture industry and timber smuggling in the Mekong region” available at www.eia-international.org

More information on EIA and Telapak can be found at www.eia-international.org and www.telapak.org

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